

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2013

Docket No. ACR2013

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-4 OF CHAIRMAN'S INFORMATION REQUEST NO. 13

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 13, issued on March 6, 2014. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. Refer to the FY 2012 ACD where it states: "The Commission directs that, with elimination of outbound International Reply Coupon Service, the Postal Service report on the feasibility of providing separately reported costs for International Business Reply Mail Service in the FY 2013 ACR." 2012 ACD at 147. Please identify where in the FY 2013 ACR the requested information on feasibility can be found. If the information on feasibility is not presented in the FY 2013 ACR or elsewhere, please provide it.

**RESPONSE:**

In its Responses to Commission Requests for Additional Information in FY 2012

Compliance Determination (Docket No. ACR 2012, June 26, 2013), the Postal Service noted that, given the resources needed to calculate costs, reporting the costs separately was not feasible. That assessment has not changed, given that the FY13 volume is approximately half of the FY12 volume.

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2. Refer to the response to CHIR No. 6, question 3, which concerns the CY 2013 preliminary year-to-date service performance scores under the quality of service link to terminal dues. Please explain why the CY 2012 final on-time percent service performance scores for inbound letterpost, which includes the first quarter (October-December 2012) of FY 2013, did not exceed the UPU quality of service target in CY 2012.

**RESPONSE:**

As indicated in the question, the CY-2012 on-time service performance scores for the entire year did not exceed the UPU quality of service target. A review of the monthly on-time service performance (previously provided under seal in USPS-FY13-NP33), however, shows that, on average, the target was met for the period January – September. Nonetheless, the final three months of CY-2012 pulled the score for the entire year below the target. Poor service performance in those months is attributed to the impacts of Superstorm Sandy, which devastated the New York area. The United States Postal Service experienced major transportation interruptions and delays in the processing and delivery of domestic and international mail. Despite the heroic efforts of employees, the after-effects of the storm lasted for several months.

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3. The stand-alone special services product, International Reply Coupon Service, is an inbound service. This service involves redeeming international reply coupons issued by foreign postal operators when presented to the Postal Service for postage applicable to Outbound Single-Piece First-Class Mail International (letterpost) items. Please confirm that redeeming foreign-issue international reply coupons is identical to the window service activity of receiving cash from customers for the purchase of domestic postage. If not confirmed, please explain and identify all window service or other activities associated with redeeming foreign-issue international reply coupons.

**RESPONSE:**

IOCS does not record anything for inbound IRCs, so an actual comparison of redeeming foreign-issue international reply coupons and receiving cash from customers cannot be done using IOCS data. The activities at the window would seem to be similar, however.

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4. Refer to the response to CHIR No. 5, question 5(d), concerning IMTS-Inbound international money orders. The Postal Service states it has some theories about some differences associated with cashing international money orders that might make such transactions shorter or longer than domestic money order cashing transactions, but it has not been able to validate these theories. Please discuss separately the factors or events that might cause international money order cashing transactions to be shorter or longer than domestic money order cashing transactions, and identify which of those factors/events are likely to be most prevalent.

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**RESPONSE:**

The Postal Service has attempted to conduct special studies to determine the possibility of using cashing activity for domestic money orders as a “proxy” for inbound IMTS. Cost Studies and Support conducted three field visits in 2009, 2012, and 2013 to the offices that were considered to be the ones with the highest levels of activity for this product, hoping to validate cashing standard operating procedures (SOPs) and steps for both domestic and international money orders. Unfortunately, the results are not as clear-cut as in theory. First, only two (2) inbound IMTS transactions were observed, which are obviously too few observations to validate the process. Additionally, there is an 11-digit serial number that needs to be entered into POS for cashing a domestic money order, which requires more digits to enter than if cashing an Inbound International Money Order. However, there are more buttons/key strokes to touch to get to the right POS screen when cashing an Inbound International Money Orders. Due to the small number of transactions observed, it is inconclusive to determine if the time/steps for processing an inbound international money order would be longer or shorter than that required to process a domestic money order.

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Further, the actual transaction times may vary for reasons that are not obviously tied to the process steps. For instance, while window clerks would be familiar with the appearance of domestic money orders, they may be less familiar with money orders from other countries and the transactions may require additional interaction with the customers. It would be extremely difficult to predict the prevalence or significance of factors such as how familiar the particular window clerk involved might be with the international money order cashing process.